

Message Text

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AGRICULTURE:JBENSON
LABOR:DWANNAMAKER
TREASURY:JJOHNSON
STR:SLANDE

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SUBJECT: QUESTIONS FOR GATT WORKING PARTY ON BANGKOK
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AGREEMENT

1. THE TRADE POLICY STAFF COMMITTEE HAS APPROVED THE
FOLLOWING PAPER INCLUDING QUESTIONS TO BE SUBMITTED TO THE
WORKING PARTY ON THE BANGKOK AGREEMENT.

2. PROBLEM

THE STANDING COMMITTEE OF THE FIRST AGREEMENT ON TRADE NEGOTIATIONS AMONG DEVELOPING MEMBER COUNTRIES OF THE ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (BANGKOK AGREEMENT) NOTIFIED THE GATT ON OCTOBER 20, 1976 OF THE EXISTENCE OF THIS AGREEMENT UNDER THE TERMS OF ARTICLE XXXVII, PARAGRAPH 5 OF THE GATT. A WORKING PARTY WAS ESTABLISHED TO CONSIDER THIS AGREEMENT, FOR WHICH QUESTIONS ARE NECESSARY.

3. RECOMMENDATION

THAT THE TPSC APPROVE FOR SUBMISSION TO THE WORKING PARTY THE LIST OF QUESTIONS ATTACHED.

4. BACKGROUND

THE BANGKOK AGREEMENT WAS SIGNED ON JULY 31, 1975 BY BANGLADESH, INDIA, LAOS, PHILIPPINES, REPUBLIC OF KOREA, SRI LANKA AND THAILAND, AND ENTERED INTO FORCE ON JUNE 6, 1976. IT HAS SO FAR BEEN RATIFIED BY FIVE OF THE SIGNATORIES: KOREA, BANGLADESH, INDIA, SRI LANKA AND LAOS. ITS EXPRESSED GOAL IS THE PROMOTION OF TRADE LIBERALIZATION AND EXPANSION AMONG ITS MEMBERS ON THE BASIS OF NATIONAL LISTS OF TARIFF AND NON-TARIFF CONCESSIONS, AND IT IS OPEN TO ACCESSION BY ALL DEVELOPING COUNTRY MEMBERS OF THE ESCAP.

5. THE BANGKOK AGREEMENT PROVIDES FOR TARIFF REDUCTIONS UNCLASSIFIED

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COVERING ABOUT 160 COMMODITIES AND PRODUCTS, INVOLVING ABOUT 50 MILLION DOLLARS IN TRADE AMONG PARTICIPATING COUNTRIES. TRADE CONCESSIONS OFFERED RANGE FROM BINDINGS OF EXISTING RATES TO 80 PERCENT REDUCTION, WITH THE AVERAGE TARIFF CUT AROUND 30 PERCENT. THE VALUE OF TARIFF CONCESSIONS IS QUITE SMALL IN COMPARISON TO TOTAL REGIONAL TRADE, BUT THE AGREEMENT PROVIDES FOR AN ONGOING PROCESS OF NEGOTIATION TO WIDEN THE RANGE OF PRODUCTS COVERED. PARTICULAR ATTENTION IS GIVEN TO THE LEAST DEVELOPED COUNTRIES (LLDC'S) IN A CLAUSE AUTHORIZING SPECIAL CONCESSIONS. LAOS IS THE ONLY LLDC MEMBER AND AS A RESULT IS EXTENDED SPECIAL TARIFF CONCESSIONS ON A NON-RECIPROCAL BASIS.

6. THE SCOPE OF TRADE LIBERALIZATION INITIALLY PROVIDED BY THE AGREEMENT IS RELATIVELY SMALL AND DOES NOT MATERIALLY AFFECT U.S. INTERESTS. IT IS OF POSSIBLE SIGNIFICANCE TO ONLY 40 MILLION DOLLARS OF U.S. EXPORTS (ACCORDING TO 1973 STATISTICS). OF THIS, 38 MILLION

DOLLARS ARE ACCOUNTED FOR BY DUTY FREE PL-480 FLOUR TO SRI LANKA, AND HIDES AND SKINS TO KOREA, A COMMODITY THE OTHER PARTICIPATING COUNTRIES ARE NOT IN A POSITION TO SUPPLY.

7. OUR POSITION ON THE BANGKOK AGREEMENT AT THE MARCH 1976 AND EARLIER MEETINGS OF THE UN ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC WAS THAT WE NOTED THE DEVELOPMENT OF THE BANGKOK AGREEMENT AND HOPED THAT IT WOULD RESULT IN TRADE CREATION WITHIN THE REGION AND BETWEEN THE PARTICIPATING COUNTRIES AND OTHER NATIONS. IT ALSO STATED THAT WE LOOKED FORWARD TO RECEIVING MORE INFORMATION ON THE AGREEMENT FROM THE PARTICIPATING COUNTRIES THROUGH THE GATT.

8. QUESTIONS FOR THE WORKING PARTY ON THE BANGKOK AGREEMENT:
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1. WE NOTE THAT IN GATT DOCUMENT L/4418 OF NOVEMBER 2, 1976 THE SECOND PAGE OF THE CONCESSION LIST OF THAILAND IS MISSING. WE ASSUME THAT THIS WAS A SIMPLE ERROR, AND THAT THAILAND'S LIST HAS NOT BEEN SHORTENED. IS THIS IN FACT THE CASE?

2. HOW DO THE MEMBER COUNTRIES PROPOSE TO MEET THE GOAL OF THE AGREEMENT AND EXPAND TRADE AMONG THEMSELVES, WITHOUT SIGNIFICANTLY DIVERTING OR RESTRICTING TRADE FROM THIRD COUNTRIES?

3. THE AGREEMENT HAS BEEN NOTIFIED UNDER PARAGRAPH 5 OF ARTICLE XXXVII OF THE GATT, WHICH IS INTENDED TO FACILITATE DISCUSSION, NOT PROVIDE JUSTIFICATION FOR THE AGREEMENT. ARE THE MEMBER COUNTRIES SEEKING A WAIVER OF THEIR OBLIGATION UNDER ARTICLE I OF THE GATT?

4. PARAGRAPH 5 OF ARTICLE XXIV PROVIDES FOR THE ESTABLISHMENT OF FREE TRADE AREAS AND CUSTOMS UNIONS. WILL THE BANGKOK AGREEMENT LEAD TO SUCH AN ARRANGEMENT? DO THE MEMBERS HAVE PLANS FOR SUCH AN EVOLUTION? WHAT SORT OF PLANS?

5. HAVE THE NATIONAL LISTS OF CONCESSIONS BEEN IMPLEMENTED? WHEN DID THIS HAPPEN OR WHEN IS IT PLANNED?

6. ARE THE OTHER SIGNATORIES PLANNING TO RATIFY THE AGREEMENT?

7. HAS THERE BEEN ANY DISCUSSION OF THE RELAXATION OF

QUANTITATIVE AND OTHER NON-TARIFF RESTRICTIONS AS
MENTIONED IN ARTICLE 4 OF THE AGREEMENT? WHAT RESTRICTIONS
IF ANY, HAVE BEEN RELAXED?

8. HAVE THE PRODUCT LISTS MENTIONED IN ARTICLE 9(C) BEEN
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RECEIVED? WILL PRODUCTS ON THESE LISTS BE TREATED IN THE
SAME MANNER AS PRODUCTS ON THE NATIONAL CONCESSION LISTS?

9. HAS ANY ACTION BEEN TAKEN YET ON THE MEASURES DISCUSSED
IN ARTICLE 9, PARAGRAPHS D-H? WILL SUCH ACTIONS
DISCRIMINATE AGAINST EXPORTS FROM THIRD COUNTRIES?
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